

# SCIENCE & EDUCATION Impact

Benefits from USDA/Land-Grant Partnership

## Navigating a Changing Economy

Helping people through volatile financial times.

*Easy credit often leads to uneasy debt, and record numbers of Americans are facing bankruptcy or struggling to get out of debt in other ways. Unexpected increases in energy costs and a slowing economy in early 2001 left many looking for emergency help now and money management skills for their future. More than 50 million Americans have no retirement savings beyond Social Security, and only half of American workers participate in any employer-provided pension plan. Less than 50 percent of parents talk about financial issues with their children—only slightly more than the percentage who talk with them about sex. The nation's Land-Grant universities and the USDA are helping consumers build a solid base of money management skills from grade school through retirement.*

### Payoff

- **Millennium money management.** Though the year 2000 has come and gone, the Money 2000 program developed by **Cornell** and **Rutgers** in the mid-1990s continues as a nationwide extension program as Money 2000+. Clemson University's 3,200 participants, during the four years they were involved, saved \$1.8 million and reduced their total debt by \$1.4 million. More than 1,800 New Jersey residents enrolled in the Money 2000+ program have reported a total impact of more than \$7 million — about \$4.5 million in increased savings and \$2.6 million in reduced debt. Nationally, in the 30 states participating in Money 2000, more than \$19 million of total debt reduction and savings has been reported. **Ohio State** participants reduced their household debt by an estimated \$1.3 million. **North Dakota State's** Money 2000+ graduates reduced their debt load by more than \$5,500 each, and **Kentucky** clients reduced their debt by an average of 25 percent. Average debt reduction in **Idaho**, after a year in the program, was nearly \$600 with average savings near \$700. **Arizona's** 420 participating households reported a financial improvement of \$590,000. **Utah, Michigan, Iowa, Maryland, Illinois** and **Hawaii** also participate in Money 2000+.
- **Digging out.** The PowerPay debt reduction computer program developed at **Utah State** has been integrated into extension programming in 33 other states. This

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simple program, which optimizes debt reduction payments, has saved participating families more than \$41 million nationally.

- **Oprah would approve.** On average, women will receive a larger share of their retirement income from Social Security than men will. **Purdue's, Ohio State's** and **Wyoming's** Women's Financial Information programs give this underserved population the specific skills and assurances they need to make informed decisions about their current and retirement finances.
- **Teen-age wasteland.** America's teens spent more than \$100 billion in 2000. Despite this considerable buying power, few teen-agers have the skills needed to spend their money wisely. In a nationwide test, 1,500 high school seniors were asked about taxes, insurance, credit, inflation, budgeting and retirement. Scores averaged less than 60 percent — a failing grade — on the multiple-choice exam. By teaching youth to save money, manage credit wisely and monitor spending, High School Financial Planning programs from **Arkansas, North Dakota State** and **Arizona** have the potential to reduce the incidence of bankruptcies and promote long-term financial security among families. **Idaho** developed Kids Inc. to foster youth entrepreneurial and work skills and "Welcome to the Real World" to teach them how to write a resume, open accounts and set goals for themselves.
- **Carding students.** **Maryland's** Money Choices for Young People and **Iowa State's** Paper or Plastic programs address the growing number of college students with credit cards. **Illinois** starts financial education with grade school children, and **Colorado State** teaches job skills through its 4-H Entrepreneur program, in which students start real businesses and manage their own money. **Utah State's** consumer quiz contest teaches money management through a game show format.
- **Giving a hand up.** Through the Workforce Investment Act of 1998, Land-Grant universities have a unique opportunity to provide training and retraining for citizens. The **Maryland** Energy Assistance program teaches valuable money management skills as it helps families reduce their energy bill debts. **Cornell's** Power Partner program also helps New York families with spending plans so they don't have to choose between

paying electric bills and paying for basic needs. Nearly 80 percent of participants are paying off their debts.

- **Georgia's** Next Step program helps people make the transition from welfare to work. In just one county, 11 of the 15 participants got jobs, eight got off welfare and all found permanent housing. Nearly 40 percent of those in **North Carolina A&T's** Work First program learned to plan finances and are now employed.
- **Bank trust.** One of every 40 **Tennessee** families has filed personal bankruptcy — the second highest rate in the nation. West Tennessee families participating in extension's bankruptcy and financial education classes have improved their collective savings/debt ratio by more than \$1 million. Families completing the two-year DEBTS program increased their savings by more than \$1,200 and reduced their debt by more than \$2,200.
- **Second chances.** Fining or jailing people for writing bad checks or shoplifting does not teach them better money management. In the past two years, 70 people took a **Purdue** money management course as part of their court order. The success rate has been 100 percent — not a single student has come back through the court system on bad check-writing charges. **Arizona's** PHASE program helped jailed women obtain job skills, nontraditional employment and basic computer skills. It has also assisted more than 6,000 single parents, displaced homemakers and incarcerated women in Pima County since 1978. It has a 95 percent job or training placement success rate and has become a national model for similar programs.



**Cooperative State Research, Education,  
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